

# California Board of Accountancy

# Update

## President's Message



H. E. Mikkelsen, CPA  
President

One of this Board's most important working documents is our Strategic Plan. This Plan is intended to be our blueprint for success in serving the consumer, the licensee, and the Uniform CPA Examination candidate. As in all business plans, ours is an evolving document, one which is reviewed yearly, amended, updated, and validated. We scrutinize each goal and each objective, and we examine the progress made against the initiatives we have targeted for a selected period of time.

As a reminder, and for those licensees who have not previously seen the Board's strategic goals, they are numbered for reference only. Each, as listed to the right, has equal and primary priority within the organization.

- GOAL I** Evaluate existing initial licensure requirements, ensuring only qualified persons are licensed.
- GOAL II** Minimize risk to consumers by advancing post-licensure strategies which sustain licensee competence and preempt performance deficiencies.
- GOAL III** Be a model enforcement program that ensures consumer protection while providing due process.
- GOAL IV** Develop a communications strategic plan that will provide information, share knowledge, encourage two-way dialogue, and be responsive to the needs of stakeholders.
- GOAL V** Optimize a combination of internal and external resources to efficiently and effectively accomplish the Board's mission.
- GOAL VI** Ensure the Board's regulatory program is responsive to the needs of the consumer and to trends and changes in the profession and the marketplace.

*(Please see President's Message, continued on page 2)*

## Mission Statement

***The mission of the California Board of Accountancy is to protect the public welfare by ensuring that only qualified persons are licensed and that appropriate standards of competency and practice are established and enforced.***

## Vision Statement

***It is the vision of the California Board of Accountancy to become the premier regulatory agency that operates with maximum efficiency, fosters continuous quality improvement, and provides exemplary consumer protection while recognizing the changing consumer demographics and nature of services provided by licensed professionals.***

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*President's Message (continued from page 1)*

The Board's Strategic Plan was adopted following our 1996 Sunset Review period, in which we submitted a comprehensive report to the Legislature. The remainder of 1999 and a large part of 2000 will be spent by the Board's staff completing our *next* Sunset Review Report. Tracking the progress we have made over the last several years in meeting our goals and objectives will play a large part in crafting this next report.

The Sunset Review Report will present the results of two legislatively mandated studies that determine the value and benefit to consumer protection of (1) our education and experience requirements and (2) our continuing education requirements. Please see the article in this issue which provides an overview of the study findings as it relates to education and examination performance.

You will notice that each issue of *Update* publishes both our mission and vision statements. These are the foundations upon which our Strategic Plan is forged. Our mission states our purpose, while our vision statement focuses on our ultimate role as a regulatory organization. We publish them regularly because we want to keep them in the forefront. Our strategies, decisions, and actions are guided and framed by these statements as we fulfil our consumer protection responsibilities.



H.E. Mikkelsen, CPA  
President

## Contributors to this Edition of Update

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Aronna Granick  
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## Issues of Interest

*to the Consumer and the Practitioner*

# News to You

### Study of Education and Experience Requirements

To meet the legislative mandate for Sunset Review, the Board has completed a comprehensive study of its education and experience requirements. This study used four surveys to assess the opinions of exam candidates, applicants for licensure, licensees, and hiring managers. Data from the May 1998 exam was another important source of information. Study findings provide information about the relationship between education and exam performance and about how the Board's current licensing requirements are perceived. The Board plans to use this information when it considers proposed revisions to the Accountancy Act. Please see page 8 of this issue for more information about the study.

### AICPA Uniform CPA Examination Practice Analysis

The AICPA is conducting a practice analysis to update the content of the CPA exam, and selected licensees in all 54 jurisdictions will be asked to participate. Its consultant, American Institutes for Research, will be contacting a sample of licensed California CPAs — those licensed within the past five years — to respond to a survey regarding critical work activities, knowledge, and skills of a practicing CPA. The AICPA says the surveys will be sent to licensees by the middle of September 1999. Questions regarding the practice analysis or

the survey may be directed to the AICPA at (212) 318-0500 or by e-mail to [rcalderon@air-dc.org](mailto:rcalderon@air-dc.org).

### New Deadline for Exam Candidates

The Board is changing its application deadline for the Uniform CPA Examination. Beginning with the May 2000 exam, candidates who have not previously taken the exam in California must submit their applications by February 1 for the May exam and by August 1 for the November exam. These candidates must submit their official college transcripts with other completed application materials. The revised deadline for new candidates is necessary so that college transcripts can be reviewed prior to the exam.

The application deadlines for candidates who have previously taken the exam in California will remain March 1 for the May exam and September 1 for the November exam. Candidates are reminded that it is essential to submit complete applications in order to be scheduled for the exam. Those who have questions about application procedures should visit the Board's web site or telephone (916) 263-3953 or 263-3958 for more information.

### Revisions to Continuing Education Regulations

The Board at its July 16, 1999, meeting voted to revise its regulations to clarify which courses are acceptable continuing education. The updated language also makes the Board's

requirements more consistent with the AICPA's standards for continuing professional education. A regulation hearing is scheduled for November 20, 1999. For more information, please see the notice and text of the regulations in this issue.

### New Regulation for Nonlicensee Owners

A new regulation is now in effect for firms with nonlicensee owners. Section 51 of the Board's regulations requires firms to certify that nonlicensee owners have been informed regarding the rules of professional conduct applicable to public accounting firms. See the Board's Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba) for the text of this and other Board regulations.

## What's New at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)

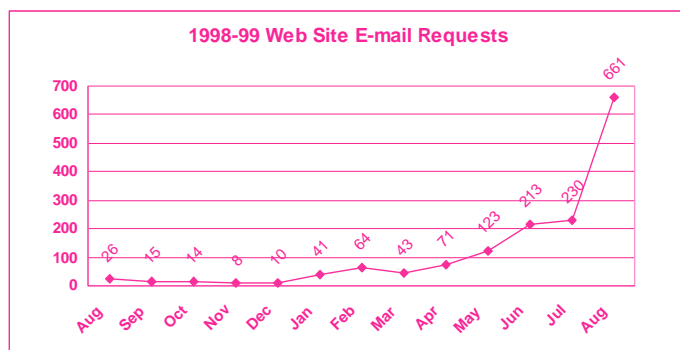
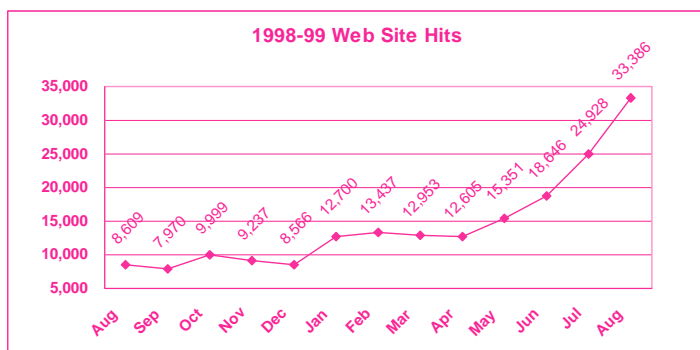


### "Hit" Me!

The number of visitors to our Web site each month has increased by more than 230% over 1998! Through August of 1999, we have averaged 18,000 requests for information per month. We have more than doubled the number of information pages available since the Web site was brought online in March 1998.

A "hit" is counted each time a user requests a page on our Web site. We gather statistics as a tool to help us evaluate our effectiveness, as well as plan for future enhancements. Through August 1999, the highest number of hits in one hour is 155; the highest number of hits in one day is 1,314. Our peak hours are from 12 noon to 3 p.m, and the most visited page is the one displaying examination information.

### August 1998 — August 1999



As is customary in the Internet world, we continually update the information already posted, while at the same time we plan for future additions and improvements. We respond to visitor comments, questions, and suggestions, often making small changes that make our Web site more user-friendly. As an example, after receiving several questions concerning a 150-hour education requirement for examination applicants that some other states have adopted, we recognized this as a FAQ ("Frequently Asked Question" in Internet lingo). A link was added to our exam information page, which leads directly to the answer.

Our project to make an On-line Exam Application available to CPA candidates is moving forward. The Examination Information page has been updated to include policy and procedure changes related to the new examination database. EAPS (Examination

Application Processing System) will automate portions of our current manual processing, thus allowing our examination staff to keep pace with the growing number of candidates and their inquiries. Additionally, you will find four new forms related to the examination process available in a format the user may print, complete, and mail to the Board. They are the Out of State Request, Change of Name/Address, Change of Exam Site, and Request for Accommodation of Disabilities.

Now that the EAPS database is in place, our project team is working to make the necessary connections between the on-line application and the database. Currently, we are testing the actual application, including interactive attachment submission (allowing the user to fill out and submit the form on-line). A future phase will include accepting credit card payment with the on-line application. ❖

# It's All in the Numbers

## A Statistical Review of Enforcement Program Activities Fiscal Years 1995-96, 1996-97, and 1997-98

The objectives of the Board's Enforcement Program are to protect consumers, minimize substandard practice, rehabilitate licensees, and discipline licensees as warranted.

Staffed by professional Investigative CPAs, the Board's enforcement activities include investigating complaints against persons practicing without licenses and taking disciplinary actions against licensees for violations of Board statutes, rules, and regulations. In addition, the program monitors compliance with continuing education requirements, and it actively reviews the work products of CPAs, PAs, and licensed firms to ensure

compliance with appropriate accounting standards.

The Board's Enforcement Program has continued its implementation and modification of various recommended changes that were the product of our 1997 Business Process Reengineering study and Sunset Review evaluation. Reengineering reduced process cycle times, enhanced customer service, improved quality of work, and reduced program costs. It also produced the development of standard criteria for case evaluation and the implementation of a complaint intake and evaluation process. Reengineering the review,

evaluation, and prioritization of complaints upon receipt has improved the "turnaround" time in completing investigations, and greater efficiency has enhanced the quality of each investigation. Utilizing performance measures has allowed the Board and its management team to identify favorable and unfavorable changes in program results quickly and make timely adjustments where required.

Below is a statistical overview of Enforcement Program Activity for fiscal years 1995-96, 1996-97, and 1997-98. ♦

### Complaints Received Fiscal Years 1995-96, 1996-97, and 1997-98

	1995-96	1996-97	1997-98
Licensed	324	479	382
Unlicensed/Unregistered/Delinquent <sup>1</sup>	446	333	263
<b>Total</b>	<b>770</b>	<b>812</b>	<b>645</b>

<sup>1</sup>Includes licensees practicing with expired licenses.

### Complaints Referred to Investigators for Formal Investigation Fiscal Years 1995-96, 1996-97, and 1997-98

	1995-96	1996-97	1997-98
<b>Licensed Investigations Opened</b>			
Contractual	0	0	0
Fraud	18	17	15
Competence/Negligence	108	37	34
Other	8	15	15
Personal Conduct	3	11	8
Product Quality	1	3	8
Unprofessional Conduct	139	49	49
Unlicensed/Unregistered	22	5	5
<b>Unlicensed Investigations Opened</b>	<b>44</b>	<b>41</b>	<b>45</b>
<b>Total</b>	<b>343</b>	<b>178</b>	<b>179</b>



### Complaints Closed Without Going to Formal Investigation<sup>2</sup>

#### Fiscal Years 1995-96, 1996-97, and 1997-98

	1995-96	1996-97	1997-98
Licensed	189	361	365
Unlicensed	335	233	183
<b>Total</b>	<b>524</b>	<b>594</b>	<b>548</b>

<sup>2</sup>Statistics include cases closed after issuance of "cease and desist" letters or citations and fines without a formal investigation.

### Formal Investigations Closed Fiscal Years 1995-96, 1996-97, and 1997-98

	1995-96	1996-97	1997-98
<b>Licensed Investigations Closed</b>			
Fraud	16	26	13
Nonjurisdictional	0	3	0
Competence/Negligence	173	61	38
Other	11	8	13
Personal Conduct	8	7	8
Product Quality	0	2	5
Unprofessional Conduct	148	80	70
Unlicensed/Unregistered/Delinquent	24	9	6
<b>Total</b>	<b>380</b>	<b>196</b>	<b>153</b>
<b>Unlicensed Investigations Closed</b>	<b>30</b>	<b>42</b>	<b>49</b>
<b>Grand Total</b>	<b>410</b>	<b>238<sup>3</sup></b>	<b>202</b>

### Formal Investigations Pending as of June 30, 1996, June 30, 1997, and June 30, 1998

	1995-96	1996-97	1997-98
Licensed	228	139	115
Unlicensed	23	25	19
<b>Total</b>	<b>251</b>	<b>164<sup>3</sup></b>	<b>134</b>

<sup>3</sup>Reduction in Formal Investigations Closed and Formal Investigations Pending is due to a lower investigation backlog resulting from increased program efficiencies through reengineering.

### Actions Filed<sup>4</sup> Fiscal Years 1995-96, 1996-97, and 1997-98

	1995-96	1996-97	1997-98
Accusations/Petitions to Revoke Probation	28	48	34
Statements of Issue	0	0	2
Citations	62	125	68
Criminal Actions	7	3	15
Civil Actions	1	0	0
<b>Total</b>	<b>98</b>	<b>176</b>	<b>119</b>

<sup>4</sup>Decrease in actions filed is due to the completion of the Rule 3 Pilot Project related to citations and fines.

## Reminder: Requirements For Partnership/Corporation Renewal

The Board's recent implementation of cyclical/biennial renewals for partnerships and corporations has now established consistency in the renewal process for all licensing classifications. As a result, partnerships and corporations now renew on a monthly basis, according to the month and year the firm's license was originally approved. This means that if a firm was approved in an odd-numbered year, the license expires in an odd year; if approved in an even-numbered year, the license will expire in an even year. This expiration date will remain with the partnership or corporation throughout the life of the firm.

Partnerships and corporations are required to complete the renewal application, pay the biennial renewal fee and submit a list of all active/current licensed and nonlicensed partners/shareholders and a list of all licensed and nonlicensed partners/shareholders disassociated from the firm during the previous two years.

An incomplete or inaccurately-completed renewal application may result in the firm's license being withheld and loss of practice rights. You will be notified by mail of such deficiencies.

In compliance with Section 5072 of the Business and Professions Code, a partnership at the time of renewal is required to consist of at least one partner who holds a valid active license to practice public accountancy. As stated in Section 5154 of the Accountancy Act, a corporation is required to consist of at least one shareholder who holds a valid active license to practice public accountancy at the time of renewal.

Firm licenses expire at midnight on the expiration date shown on the renewal application. If the completed renewal application, with the appropriate renewal fee and accompanying lists, is not postmarked by the expiration date, practice rights terminate until the license is renewed. A delinquency penalty of 50% of the renewal fee will be added to renewals postmarked after the license expiration date.

Allow six to eight weeks for processing of the renewal application. Upon completion of the processing, a renewal receipt reflecting the new expiration date will be mailed to the firm. Firm licenses that have not been renewed within five years following their expiration dates will be canceled for non-payment of renewal fees.

For renewal questions, please call Board staff members Ms. Dottie Hays at (916) 263-3944 or Ms. Vivian Chen at (916) 263-3937, or contact them by e-mail at [renewalinfo@cba.ca.gov](mailto:renewalinfo@cba.ca.gov). ❖

## Next Board Meetings

**November 18-19, 1999**

Radisson Miyako Hotel  
1625 Post Street  
San Francisco, California 94115

**January 21, 2000**

Los Angeles

**March 25, 2000**

San Francisco

*Board meetings are open to the public.  
Licensees are encouraged to attend.  
For further information, please call the  
Board office at (916) 263-3680*

## Future Committee Meetings

### **Administrative Committee**

**November 4, 1999**

Radisson Hotel Harbor View  
1646 Front Street  
San Diego, California 92101

**January 6, 2000**

Radisson Hotel Berkeley Marina  
200 Marina Blvd.  
Berkeley, California 94710

### **Report Quality Monitoring Committee**

**January 19, 2000**

Los Angeles

### **Qualifications Committee**

**October 20-21, 1999**

Hanalai Hotel San Diego  
2270 Hotel Circle North  
San Diego, California 92108

**January 12-13, 2000**

Radisson Miyako Hotel  
1625 Post Street  
San Francisco, California 94115

## Education and Experience Study

In response to the Sunset Review legislative mandate and a growing awareness of major changes in the public accounting profession, the Board has completed a comprehensive study of the education and experience requirements for licensure.

The study was conducted during the period May 1998 through May 1999 by Oriel Strickland, Ph.D., a professor of industrial/organizational psychology at California State University, Sacramento.

The project used a variety of methods to study the impact of potential changes to the current education and experience requirements. Research tools included an assessment of the relationship between the educational backgrounds of approximately 3,500 examination candidates and the scores they received on the May 1998 Uniform CPA Examination. The study also utilized four surveys to examine the opinions of approximately 2,500 examination candidates, licensure applicants, licensees, and hiring managers. In addition, information was collected about the accounting curricula of California universities and the licensure requirements of other states' boards of accountancy.

One focus of the study was the proposed 150-hour educational requirement. Currently 45 of the 50 states have enacted the 150-hour requirement which mandates that applicants for the CPA license complete approximately 30 units beyond

a bachelor's degree. Thirty-one states now require 150 hours of education for reciprocity. University of California campuses currently require an average of 121 units for graduation, while the California State University system requires an average of 127 units. California is one of the few states that has not established the 150-hour requirement.

Although the 150 hours are not required, the study found that 37 percent of the candidates did complete 150 units or more and that candidates completed an average of 147.5 units. Still, 28.5 percent of the candidates completed fewer than 130 units.

Interestingly, a majority of the surveyed licensees believed that establishing the 150-hour requirement will result in positive outcomes such as better preparation for employment as a CPA, although examinees and licensees believed this requirement could result in a financial burden for some candidates.

The study also examined the Board's experience requirements which mandate both attest and general experience for licensure. Currently, most applicants for the CPA license must meet a two-year general experience requirement and demonstrate certain competencies related to the attest function. Regarding the general experience requirement, licensees and hiring managers responding to the surveys believed two to three years of experience was necessary for professional competency.

Many licensees also expressed support for the attest experience requirement, indicating it helped them to develop objectivity and

independence. Conversely, applicants who passed the exam but were unable to obtain licensure perceived the attest experience requirement as the major barrier.

Information from the study will be used to evaluate proposed revisions to the Accountancy Act. The Board wishes to thank all of the exam candidates, licensure applicants, licensees, and hiring managers who completed and returned their surveys. Without this participation, the study would not have been possible. ❖

### **Policy of Nondiscrimination on the Basis of Disability and Equal Employment Opportunity**

The California Board of Accountancy does not discriminate on the basis of disability in employment or in the admission and access to its programs and activities.

An Americans with Disabilities Act (ADA) Coordinator has been designated to coordinate and carry out this agency's compliance with the nondiscrimination requirements of Title II of the ADA. Information concerning the provisions of the ADA, and the rights provided thereunder, is available from:

ADA Coordinator  
California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, California 95815-3832



## Meeting your PC&E Course Requirement

Since January 1, 1998, Professional Conduct and Ethics (PC&E) continuing education has been required for all active license renewals. This eight-hour course provides information on the provisions of the current Accountancy Act, the Board of Accountancy regulations, and other rules of professional conduct.

The completion of the PC&E requirement is being phased in over a six-year period. According to the timetable, one-third of the licensee population will meet the requirement in a specified two-year period, based upon the last two digits of the CPA/PA license number.

- Currently, practitioners whose license numbers end in the "01-33" range are required to have completed the initial PC&E course by their license renewal dates in 1998 or 1999.
- The next licensee group's license numbers end in the "34-66" range, and they must meet the PC&E requirement by their license renewal dates in 2000 or 2001, as applicable.
- The third licensee group's license numbers end in the "67-00" range, and they must meet the PC&E requirement by their license renewal dates in 2002 or 2003, as applicable.

Please remember that only Board-approved courses satisfy the requirement.

A current list of Board-approved courses is available on the Board's Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba). This list is also available by faxing a request to (916) 263-3672 or by telephoning Mr. David Espino of the Board's staff at (916) 263-3938. ❖

## Consider the Possibilities

The Board maintains three advisory committees upon which licensees are encouraged to serve: the Administrative Committee, the Qualifications Committee, and the Report Quality Monitoring Committee. Serving as a committee member benefits both the consumer and the profession; it is an opportunity to participate actively in the regulation of the accountancy profession and to bring new ideas to the Board.

The previous issue of *Update* (Summer 1999, No. 42) published a detailed article outlining the skills required to serve, the time commitment, and the application process. Should you wish to review this article, or any other material published in *Update*, please visit our Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).

We are continuing to encourage interested licensees to submit letters of intent indicating which committees they are applying for, including a resumé or *curriculum vitae* listing the CPA license numbers. Please mail your application package to:

Carol Sigmann, Executive Officer  
California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815-3832

Applications must be received no later than October 15, 1999. Applicants with questions about committee responsibilities, qualifications, or the appointment process may contact Ms. Theresa Siepert of the Board's staff by telephone at (916) 263-3979 or by e-mail at [tsiepert@cba.ca.gov](mailto:tsiepert@cba.ca.gov). ❖

Information

Each issue of *Update* contains important information about the public accounting profession, including notices of proposed hearings on regulation changes, Board and committee meetings, proposed new regulatory language, and topical information about enforcement, examination, licensure, and continuing education issues. For ease of reference, we suggest that after you receive and read *Update*, you place these issues in your professional library. For your convenience, all issues of *Update* since 1998 are also posted on our Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).

# Regulation Notice

## TITLE 16. BOARD OF ACCOUNTANCY

NOTICE IS HEREBY GIVEN that the Board of Accountancy is proposing to take the action described in the Informative Digest. Any interested person may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at the Radisson Miyako Hotel, 1625 Post Street, San Francisco, CA 94115 on November 19, 1999, at 10:30 a.m. Written comments must be received by the Board at its office no later than 5:00 p.m. on November 18, 1999, or must be received by the Board at the hearing. If submitted at the hearing, it is requested, although not required, that 20 copies be made available for distribution to Board members and staff. The Board, upon its own motion or at the instance of any interested party, may thereafter adopt the proposal substantially as described below or may modify the proposal if the modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, for 15 days prior to its adoption, the full text of any modified proposal will be available from the person designated in this notice as the contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes in the proposal.

Authority and Reference: Pursuant to the authority vested by Business and Professions Code Sections 5010 and 5027, and to implement, interpret or make specific Sections 5026, 5027, 5028, 5051, 5081, 5082, 5082.1, 5082.2, and 5088 of the Business and Professions Code, the Board of Accountancy is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

### INFORMATIVE DIGEST/PLAIN ENGLISH POLICY STATEMENT OVERVIEW

#### 1. Adopt Section 8 of Division 1 of Title 16 of the California Code of Regulations

Business and Professions Code Section 5010 authorizes the Board to adopt regulations for the orderly administration of the Accountancy Act. Business and Professions Code Sections 5081, 5082, 5082.1, and 5082.2 provide for an examination for CPA licensure. Current regulations make specific certain requirements related to the examination. This proposal would adopt Section 8 to specify in regulations the final filing dates for applications for the Uniform Certified Public Accountant Examination.

The objective of this proposal is to establish in regulations the application deadlines for the examination. In order to allow sufficient time for application materials including college transcripts to be reviewed, this proposal specifies an earlier deadline for candidates taking the examination for the first time in California.

#### 2. Amend Sections 87, 87.1, 87.7, 88, and 89, and adopt Sections 88.1 and 88.2 of Division 1 of Title 16 of the California Code of Regulations.

Business and Professions Code Sections 5026, 5027, and 5028 require the Board to have a continuing education program and authorize the Board to adopt regulations related to continuing education. Existing Sections 87, 87.1, 87.7, 88, and 89 provide for various aspects of the Board's continuing education program. This proposal would revise and update these sections for greater consistency and clarity. This proposal would also adopt new Sections 88.1 and 88.2 related to providers of continuing education.

The objective of this proposal is to more clearly specify continuing education requirements, to increase the internal consistency of the Board's regulations, and to make the Board's regulations more consistent with the American Institute of Certified Public Accountants Statement on Standards for CPE Programs.

### FISCAL IMPACT ESTIMATES

- Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: None

- Nondiscretionary Costs/Savings to Local Agencies: None
- Local Mandate: None
- Cost to Any Local Agency or School District: None
- Business Impact: The Board of Accountancy has determined that the proposed regulatory action would have no significant adverse economic impact on California business enterprises and individuals, including the ability of California businesses to compete with businesses in other states.
- Impact on Jobs/New Businesses: The Board of Accountancy has determined that this regulatory proposal will not have a significant impact on the creation or elimination of jobs within the State of California, the creation of new businesses or the elimination of existing businesses within the State of California, or the expansion of businesses currently doing business within the State of California.
- Cost Impact on Private Persons or Entities: Insignificant
- Housing Costs: None

### PLAIN ENGLISH REQUIREMENT

The Board of Accountancy has determined that the proposed regulations would affect small businesses. The express terms of the proposed action written in plain English are available from the agency contact person named in this notice.

### CONSIDERATION OF ALTERNATIVES

The Board must determine that no alternative which it considered would either be more effective than or as effective as and less burdensome on affected private persons than the proposal described in this notice.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

(Please see Regulation Notice, continued on page 11)

## STATEMENT OF REASONS AND INFORMATION

The Board has prepared a statement of reasons for the proposed action and has available all the information upon which the proposal is based.

## TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations and of the statement of reasons and other information, if any, may be obtained at the hearing or, prior to the hearing, upon request from the Regulations Coordinator, Board of Accountancy, 2000 Evergreen Street, Suite 250, Sacramento, California 95815.

## CONTACT PERSON

Inquiries concerning the proposed administrative action may be addressed to Aronna Granick, Regulations Coordinator, at the above address, or by telephone at (916) 263-3788.

## TEXT OF THE PROPOSAL

### **Section 8 – Examination Final Filing Dates.**

Applications for the Uniform CPA Examination must be received by the Board at its office or postmarked on or before the below final filing dates in order to be accepted for that exam. Applications postmarked after the final filing dates listed in this section shall be rejected and returned to the applicant. Meter marks are not acceptable proof of mailing.

#### **First-time Applicant Final Filing Date**

The final filing date for applicants who have never sat for the Uniform CPA Exam in California shall be February 1 for the May examination, or August 1 for the November examination. If the examination final filing date falls on a Sunday or a National holiday on which the United States Postal Service is not open, the final filing date will be the next day.

The application must be complete, including official transcripts and/or foreign evaluations and the appropriate fees, or it shall be rejected by the Board and the applicant will not be scheduled to sit for the examination.

#### **Repeat Applicant Final Filing Date**

The final filing date for applicants who have previously taken the Uniform CPA Exam in California shall be March 1 for the May examination, or September 1 for the November examination. If the examination final filing date falls on a Sunday or a national holiday on which the United States Postal Service is not open, the final filing date will be the next day.

The application must be complete, including the appropriate fees, or it shall be rejected by the Board, and the applicant will not be scheduled to sit for the examination.

Note: Authority cited: Section 5010, Business and Professions Code. Reference: Sections 5081, 5082, 5082.1, 5082.2, Business and Professions Code.

## **Section 87. Basic Requirements.**

### **(a) 80 Hours.**

As a condition of active status license renewal, a licensee shall complete at least 80 hours of qualifying continuing education as described in Section 88 in the

two-year period immediately preceding license renewal expiration, and submit the statement required by meet the reporting requirements specified in subsection (a) of Section 89. A licensee engaged in the practice of public accountancy as defined in Section 5051 of the Business and Professions Code is required to hold a license in active status. No carryover of continuing education is permitted from one two-year license renewal period to another.

### **(b) Government Auditing Continuing Education Requirement.**

A licensee who engages in planning, directing, conducting substantial portions of field work, or reporting on financial or compliance audits of a governmental agency shall complete 24 of the 80 hours of continuing education required pursuant to subsection (a) in the areas of governmental accounting, auditing or related subjects. This continuing education shall be completed in the same two-year license renewal period as the report is issued. A governmental agency is defined as any department, office, commission, authority, board, government-owned corporation, or other independent establishment of any branch of federal, state or local government. Related subjects are those which maintain or enhance the licensee's knowledge of governmental operations, laws, regulations or reports; any special requirements of governmental agencies; subjects related to the specific or unique environment in which the audited entity operates; and other auditing subjects which may be appropriate to government auditing engagements. A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (c).

### **(c) Accounting and Auditing Continuing Education Requirement.**

A licensee who engages in planning, directing, performing substantial portions of the work, or reporting on an audit, review, compilation, or attestation service, shall complete 24 hours of the 80 hours of continuing education required pursuant to subsection (a) in the course subject matter specified in this subsection. Course subject matter must pertain to financial statement preparation and/or reporting (whether such statements are prepared on the basis of generally accepted accounting principles or other comprehensive bases of accounting), auditing, reviews, compilations, industry accounting, attestation services, or assurance services. This continuing education shall be completed in the same two-year license renewal period as the report is issued. This requirement applies to licensees who renew their licenses after July 1, 1998.

### **(d) New Licensees.**

A licensee receiving an initial CPA license from the California State Board of Accountancy shall be required to complete 20 hours of continuing education as described in Section 88 for each full 6 month interval in the initial license period as a condition of active status license renewal. A licensee engaged in governmental auditing as described in subsection (b) at any time during the initial license period shall complete 6 hours of governmental continuing education as described in subsection (b) as part of each 20 hours of continuing education required for active status license renewal. A licensee who provides audit, review, compilation, or attestation services as described in subsection (c) at any time during the initial license period shall complete 6 hours of accounting and auditing continuing education as

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described in subsection (c) as part of each 20 hours of continuing education required for active status license renewal. If the initial license period is less than 6 full months, there is no continuing education required for license renewal.

(e) Out-of-State Licensees.

Any person who applies to the Board for a certified public accountant certificate under the provisions of Section 5087, may obtain the Board's approval to engage in the practice of public accountancy under the provisions of Section 5088 subject to the applicant having completed 80 hours of qualifying continuing education within the preceding two (2) years. The Board reserves the right to verify the applicant's continuing education. If a CPA certificate is granted by the California State Board of Accountancy, the provisions of subsection (d) shall apply.

(f) Failure to Comply.

A licensee's willful failure to comply with the requirements of this section shall constitute cause for disciplinary action pursuant to Section 5100(f) of the Accountancy Act.

NOTE: Authority Cited: Section 5027, Business and Professions Code. Reference: Sections 5026, 5027, 5028, 5051 and 5088, Business and Professions Code.

### Section 87.1. Return Conversion to Active Status Prior to Renewal.

(a) A licensee who has renewed his/her license in inactive status may convert to active status prior to the next license expiration date by (1) completing 80 hours of continuing education credit as described in Section 88, including the professional conduct and ethics course ~~required by described in Section 87.7~~, in the 24 month period prior to return converting to active status; (2) notifying applying to the board in writing at least 10 days prior to return to active status; and (3) completing any continuing education that is required pursuant to subsection (f) ~~(g)~~ of Section 89. The licensee may not practice public accounting until the application for conversion to active status has been approved.

(b) A licensee who, during the 24 months prior to return converting to active status, planned, directed, or conducted substantial portions of field work, or reported on financial or compliance audits of a governmental agency shall complete 24 hours of continuing education in governmental accounting and auditing as described in Section 87(b) as part of the 80 hours of continuing education required to return convert to active status under subsection (a).

(c) A licensee who, during the 24 months prior to return converting to active status, planned, directed, or performed substantial portions of the work or reported on an audit, review, compilation, or attestation service shall complete 24 hours of continuing education in accounting and auditing as described in Section 87(c) as part of the 80 hours of continuing education required to return convert to active status under subsection (a).

(d) Once returned converted to active status, the licensee must complete 20 hours of continuing education as described in Section 88 for each full 6-month period from the date of change conversion to active status to the next license expiration date in order to fulfill the continuing education requirement for license renewal. If the time period between the date of change

to active status and the next license expiration date is less than 6 full months, no additional continuing education is required for license renewal.

(e) Once returned converted to active status, a licensee who engages in financial or compliance auditing of a governmental agency at any time between the date of change conversion to active status and the next license expiration date shall complete 6 hours of governmental continuing education as part of each 20 hours of continuing education required under subsection (d). Continuing education in the areas of governmental accounting and auditing shall meet the requirements of Section 87(b).

(f) Once returned converted to active status, a licensee who engages in audit, review, compilation, or attestation services at any time between the date of change conversion to active status and the next license expiration date shall complete 6 hours of continuing education in accounting and auditing as part of each 20 hours of continuing education required under subsection (d). Continuing education in the areas of accounting and auditing shall meet the requirements of Section 87(c).

NOTE: Authority cited: Sections 5010 and 5027, Business and Professions Code. Reference: Section 5028, Business and Professions Code.

### Section 87.7. Continuing Education in the Accountancy Act, Board Rules, and Other Rules of Professional Conduct.

(a) In order to renew a license in an active status a licensee shall, within the six years preceding the license expiration date, complete a continuing education course on the provisions of the Accountancy Act and the Board of Accountancy Regulations, application to current practice, and other rules of professional conduct. Such course shall be approved by the Board prior to the licensee receiving continuing education credit for the course and shall be a minimum of 8 hours.

(b) The operative date for this regulation is based on the last two digits of the license number according to the following schedule: for license numbers ending with 01-33 the operative date is January 1, 1998, for license numbers ending with 34-66 the operative date is January 1, 2000, for license numbers ending with 67-00 the operative date is January 1, 2002.

(c) Course providers shall apply to the Board for approval of the course specified in Subsection (a), on Form CE-PCE-1 (9/96), Professional Conduct and Ethics Application for Course Approval. The term of approval shall be for a two (2) year period. The Board may cancel its approval during this two year period if the Board determines that the course fails to meet the criteria specified in this Subsection. Approval shall be based on the following criteria:

(1) The course shall be a formal educational program that meets the requirements set forth in ~~Subsections (e) and (d) of Section~~ Sections 88, 88.1, and 88.2.

(2) The course shall have written educational goals and specific learning objectives, as well as a syllabus which provides a general outline, instructional objectives and a summary of topics for the course. A copy of the educational goals, learning objectives and course syllabus shall be submitted by the provider with the approval application.

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(3) The course shall provide participants with the current California Accountancy Act and California Board of Accountancy Regulations (or summary thereof).

(4) Any self-study course shall require a 90% percent passing score on a test given at the conclusion of the course. The test shall be submitted along with the course materials for approval.

(5) A certificate of completion signed by the provider which includes the provider approval number shall be issued to each licensee who has satisfactorily completed the course.

(6) The course content shall include the following:

(A) A review and update of the current California Accountancy Act and the Board of Accountancy Regulations.

(B) Information which will provide an understanding of how the Statutes, Regulations and cases relate to current practice situations.

(C) A review of nationally recognized Codes of Professional Conduct as they relate to professional responsibility.

(D) A discussion of recent relevant cases on ethics and professional responsibilities for the accounting profession.

(E) A bibliography of recent publications and cases on professional conduct and ethics for the accounting profession.

(d) Upon receiving approval from the Board, the provider of the Professional Conduct and Ethics course required in Subsection (a) may represent the course in promotional materials as being approved by the Board during the term of approval.

(e) On a random basis established by the Board or at the Board's request or in response to complaints about a particular course, the Board may review the records of a provider to ensure compliance with the criteria specified in this Section. Within 15 days of receipt of written notification, the provider shall submit or make available to the Board all material deemed necessary by the Board to determine whether the course complies. The Board may cancel its approval for a course found not to be in compliance.

(f) Approved course providers may allow a secondary provider to present their course through a site license, contractual arrangement, or other type of agreement.

(g) For every course presentation, including any made by a secondary provider, organization or party, the original approved provider (primary provider) who entered into the approval agreement with the California Board of Accountancy shall:

(1) Retain a written outline of the course and completion records to reflect the actual participant attendance, or in the case of self-study courses, passing test scores of 90 percent or higher. The retention period shall be eight years.

(2) Ensure that all participants who complete the course receive a certificate of completion, including all information specified in Section 89(b). If a secondary provider presented the course, the certificate shall identify both the primary and secondary providers.

(3) Be responsible for the quality and content of the course by requiring and ensuring that the course be presented only by qualified instructors and/or discussion leaders, and that presentations always include all components and content areas represented in the approval application.

(4) Periodically update course content to reflect current laws, regulations, case law decisions and standards of practice.

NOTE: Authority cited: Sections 5010 and 5027, Business and Professions Code. Reference: Section 5027, Business and Professions Code.

## Section 88. Programs Which Qualify.

(a) The overriding consideration in determining whether a specific program qualifies as acceptable continuing education is that it be a formal program of learning which contributes directly to the professional competence of a licensee in public practice. It is the obligation of each licensee to select a course of study, consistent with the requirements of this section and Sections 88.1 and 88.2, which will contribute directly to his or her professional competence.

(1) Licensees shall complete a minimum of 50 percent of the required continuing education hours in subjects such as the following: accounting, auditing, taxation, consulting, financial planning, professional conduct as defined in Section 87.7, computer and information technology (except for word processing), and specialized industry or government practices that focus primarily upon the maintenance and/or enhancement of the public accounting skills and knowledge needed to competently practice public accounting.

(2) Licensees may claim no more than 50 percent of the required number of continuing education hours in subject areas such as the following: communication skills, word processing, sales, marketing, motivational techniques, negotiation skills, office management, practice management, and personnel management.

(3) Programs in subject areas such as the following are not acceptable CE: personal growth, self-realization, spirituality, personal health and/or fitness, sports and recreation, foreign languages and cultures, and other subjects which will not contribute directly to the professional competence of the licensee.

(b) The following types of live presentation programs are deemed to qualify as acceptable continuing education programs provided the standards outlined in Section 88(e)(a), Section 88.1, and Section 88.2 are maintained.

(1) Professional development programs of national and state accounting organizations.

(2) Technical sessions at meetings of national and state accounting organizations and their chapters which are designed as formal educational programs.

(3) University or college courses:

(i) Credit courses -- each semester hour credit shall equal 15 hours toward the requirement. Each quarter hour credit shall equal 10 hours.

(ii) Non credit courses -- each classroom hour will equal one qualifying hour.

(4) Other formal educational programs provided the licensee can justify to the Board that the program increases his/her professional competence program meets the required standards.

(e) In order to qualify under Section 88(b) a program must:

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(1) ~~Require attendance.~~

(2) ~~Be at least one class hour (50 minute period) in length. Only class hours or the equivalent (and not participant hours devoted to preparation) will be used to measure the hours of continuing education.~~

(3) ~~Be conducted by a qualified instructor or discussion leader.~~

(4) ~~Require a record of attendance.~~

(5) ~~Require a written outline be retained.~~

(d) (c) Formal correspondence or other individual study programs which provide satisfactory evidence of completion may qualify, with the amount of credit to be determined by the Board. The Board will not approve any program of learning that does not offer sufficient evidence that the work has actually been completed. are qualifying provided the program meets the requirements of Section 88(a), Section 88.1, and Section 88.2, and the licensee receives a passing score.

(e) (d) The credit as an instructor, discussion leader, or speaker will be allowed for any meeting or program provided that the session is one which would meet the continuing education requirements set forth in Section 88(a), Section 88.1, and Section 88.2. The credit allowed an instructor, discussion leader, or a speaker will be on the basis of actual presentation hours, plus up to two additional hours for actual preparation time for each hour taught. Normally, the maximum credit for such preparation and teaching will not exceed 50% percent of the renewal period requirement. For repeat presentations, an instructor shall receive no credit unless the instructor can demonstrate that the program content was substantially changed and that such change required significant additional study or research. Credit for licensees attending, not as instructors, discussion leader, or speakers, is limited to the actual meeting time.

(f) (e) Credit may be allowed by the Board for published articles and books provided the publisher is not under the control of the licensee. The maximum credit for such publications will not exceed 25% percent of the renewal period requirement unless approved by the Board.

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5027 and 5029, Business and Professions Code.

### **Section 88.1. Provider Requirements.**

#### **(a) Live Presentation**

In order to qualify as acceptable continuing education under Section 88(b), the provider of the live presentation program must:

- (1) Require attendance and maintain a record of attendance that accurately assigns the appropriate number of contact hours for participants who arrive late or leave early.
- (2) Maintain written educational goals and specific learning objectives, as well as a syllabus, which provides a general outline, instructional objectives, and a summary of topics for the course. A copy of the educational goals, learning objectives, and course syllabus shall be made available to the California Board of Accountancy upon request.

- (3) Issue a certificate of completion to each licensee upon satisfactory completion of the course. The amount of credit reflected on the certificate of completion shall be calculated in accordance with Section 88.2(a).

#### **(b) Self-Study**

In order to qualify as acceptable continuing education under Section 88(c) the sponsor of the self-study course must:

- (1) Retain written educational goals and specific learning objectives, as well as a syllabus, which provides a general outline, instructional objectives, and a summary of topics for the course. A copy of the educational goals, learning objectives, and course syllabus shall be made available to the California Board of Accountancy upon request.
- (2) Issue a certificate of completion to each licensee upon satisfactory completion of the course. The amount of credit shall be displayed on the certificate of completion and shall be calculated in accordance with Section 88.2(b).

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5026 and 5027, Business and Professions Code.

### **Section 88.2. Program Measurements.**

#### **(a) Live Presentation**

In order to qualify as acceptable continuing education under Section 88(b), a live presentation program must:

- (1) Be measured in 50-minute class hours. For programs in which individual segments are less than 50 minutes, the sum of the segments, in increments not less than 25 minutes, may be added together to equal a full class hour. Only class hours or the equivalent (and not participant hours devoted to preparation or study time) will be used to measure the hours of continuing education.
- (2) Meet the provider requirements for live presentation under Section 88.1(a).

#### **(b) Self-Study**

In order to qualify as acceptable continuing education (CE) under Section 88(c) a self-study course must:

- (1) Grant CE credit equal to the average completion time if the self-study course is interactive. An interactive self-study program is designed to use interactive learning methodologies that simulate a classroom learning process by employing software, other courseware, or technology-based systems that provide significant ongoing interactive feedback to the participant regarding his or her learning progress. These programs clearly define lesson objectives and manage the participant through the learning process by (1) requiring frequent participant response to questions that test for understanding of the material presented, (2) providing evaluated feedback to incorrectly answered questions, and

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- (3) reinforcement feedback to correctly answered questions.  
Technology-based self-study courses do not constitute interactive feedback unless they meet the criteria set forth above.
- (2) Grant CE credit equal to one-half of the average completion time if the self-study course is non-interactive. Any self-study course that does not meet the above criteria for interactive self-study programs would be deemed noninteractive.
- (3) Require a passing score on a test given at the conclusion of the course.
- (4) Meet the provider requirements for self-study under Section 88.1(b).

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5026 and 5027, Business and Professions Code.

## Section 89. Control and Reporting.

(a) Upon renewal, a licensee who is required, pursuant to Section 87, to obtain continuing education must provide a written statement, signed under penalty of perjury, certifying that the required number of continuing education hours has been obtained. The licensee shall disclose the following information concerning courses or programs claimed as qualifying continuing education:

- (1) Course title or description.
- (2) Date of completion.
- (3) Name of school, firm or organization providing the course or program.
- (4) Method of study, i.e., whether course or program is self-study or live presentation.
- (5) Number of hours claimed.

(b) To receive continuing education credit for completing the eight-hour professional conduct and ethics course specified in Section 87.7, a licensee is required to obtain and retain for six years after renewal of his or her license, a certificate of completion or its equivalent disclosing the following information:

- (1) Name of licensee.
- (2) Course title.
- (3) Board-issued approval number for the professional conduct and ethics course completed by the licensee.
- (4) School, firm, or organization providing the course.
- (5) Date of completion.

(b) (c) To receive continuing education credit for attending a continuing education course, the licensee is required to obtain and retain for four years after renewal a certificate of completion or its equivalent signed by the course provider disclosing the following information:

- (1) Name of licensee in attendance.
- (2) School, firm or organization conducting course.
- (3) Location of course attended.
- (4) Title of course or description of content.
- (5) Dates of attendance except when the licensee attended a course for academic credit given by a college, university, or other institution of higher learning accredited by an association recognized by the Secretary of the United States Department of Education, in which case the

applicant may provide evidence of a grade of pass or "credit" to satisfy this requirement.

(6) Number of hours of actual attendance except when the licensee attended a course for academic credit given by a college, university, or other institution of higher learning accredited by an association recognized by the Secretary of the United States Department of Education, in which case the applicant may provide evidence of a grade of pass or "credit" to satisfy this requirement.

(e) (d) To receive credit as an instructor, discussion leader, or speaker, the licensee is required to retain for four years after renewal the following information:

- (1) School, firm or organization providing course.
- (2) Location of course presented.
- (3) Title of the course or description of content.
- (4) Course outline.
- (5) Dates of presentation.
- (6) Number of hours of actual preparation time and presentation time.

(d) (e) If credit for published articles and books is claimed, the following information must be maintained for four years after renewal:

- (1) Name and address of publisher.
- (2) Title of publication.
- (3) Brief description.
- (4) Date(s) of publication.
- (5) Copy of publication.
- (6) Hours claimed.

(e) (f) The Board will solicit and verify such information on a test basis. If a licensee is found to have a deficiency, the licensee shall be so notified. Upon request, the licensee may be granted a reasonable period of time in which to correct the deficiency.

(f) (g) A licensee who is determined by the Board not to have completed the required number of hours of qualifying continuing education shall be required to make up any deficiency. A licensee who is required to make up a deficiency shall be ineligible for active status license renewal or return conversion to active status pursuant to Section 87.1 until such time as documentation to support the required hours of continuing education for license renewal has been submitted and approved by the Board.

(g) (h) A licensee's willful making of any false or misleading statement, in writing, regarding his or her continuing education shall constitute cause for disciplinary action pursuant to section 5100(f) of the Accountancy Act.

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Section 5027, Business and Professions Code. ❖

## Disciplinary Actions and Standard Probationary Terms

When the Board receives a complaint, an investigation is conducted. Information regarding a complaint generally is gathered by staff Investigative CPAs, often accompanied by a licensee's appearance before the Board's Administrative Committee. In some cases, information is gathered by the Department of Consumer Affairs' Division of Investigation. Following this investigation or for other reasons, a recommendation is made either to close the case for lack of evidence, or to refer the matter to the Attorney General for review and possible preparation of an accusation against the licensee or a statement of issues relating to the applicant.

The Board may revoke, suspend, or impose probation on a license for violation of applicable statutes or regulations. In addition to any case-specific terms of probation, the standard probationary terms include:

- Obey all federal, California, other state, and local laws, including those rules relating to the practice of public accountancy in California.
- Submit within 10 days of completion of the quarter, written reports to the Board on a form obtained from the Board. The respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.
- During the period of probation, appear in person at interviews or meetings as directed by the Board or its designated representative, provided such notification is accomplished in a timely manner.
- Comply with the terms and conditions of the probation imposed by the Board and cooperate fully with representatives of the Board in its monitoring and investigation of the respondent's compliance with probation terms and conditions.
- Be subject to, and permit a "practice investigation" of the respondent's professional practice. Such a "practice investigation" shall be conducted by representatives of the Board, provided notification of such review is accomplished in a timely manner.
- Comply with all final orders resulting from citations issued by the California Board of Accountancy.
- In the event respondent should leave California to reside or practice outside this state, respondent must notify the Board in writing of the dates of departure and return. Periods of non-California residency or practice outside the state shall not apply to reduction of the probationary period, or of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice, except at the written direction of the Board.
- If respondent violates probation in any respect, the Board, after giving respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against respondent during probation, the Board shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.
- Upon successful completion of probation, respondent's license will be fully restored.

If charges are filed against a licensee, a hearing may be held before an independent administrative law judge who submits a proposed decision to be considered by the Board of Accountancy, or the matter may be settled. The Board may either accept the proposed decision or decide the matter itself.

Copies of the accusations, decisions, and settlements regarding any of these disciplinary actions are available by sending a written request to: California Board of Accountancy, Attention: Disciplinary Actions, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832. Please state the licensee's name and license number, and allow approximately three weeks for each request.

## Board Actions 8/26/99 Through 9/1/99

### Revocation of CPA Certificate

Name	Cause for Discipline	Code Violation(s) Charged
<b>RHODES, GEORGE HANS</b> Vacaville, CA (CPA 8933)  Revocation of CPA Certificate, via proposed decision. <b>Effective August 26, 1999</b>	On August 13, 1998, Respondent was convicted of four felony counts of theft in the Superior Court for King County in the state of Washington. Respondent embezzled \$30,279 from his client by issuing approximately 10 checks payable to himself, forging the signature of the client, and then depositing the checks into his own bank account. Respondent also failed to report his conviction to the Board of Accountancy within 30 days.	Business and Professions Code, Division 3, Chapter 1, §§ 490, 5063, and 5100 (a) and (f), California Code of Regulations, Title 16, Division 1, § 99.
<b>STAVA, MICHAEL D.</b> Soledad, CA (CPA 63847)  Revocation of CPA Certificate, via stipulated settlement. <b>Effective August 26, 1999</b>  Respondent agrees that he cannot file a petition for reinstatement of his license for a period of 5 years from the effective date of the Board's Order.  Respondent further agrees that should he ever, at a future point, petition for reinstatement of his license, he will be subject to the payment of investigative and prosecution costs as a condition of any reinstatement or reduction of penalty.	Respondent admits that on or about October 2, 1996, he was convicted of carjacking, in violation of California Penal Code § 215 (a) and one count of armed robbery, in violation of the California Penal Code §§ 211 and 12022.5.  These violations are found to be substantially related to the practice, functions, and duties of a Certified Public Accountant.	Business and Professions Code, Division 3, Chapter 1, §§ 5100 (a) and 490.

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## Disciplinary Terminology

### **Effective Decision Date**

The date the disciplinary action goes into operation.

### **Probation**

The licensee may continue to practice under specific terms and conditions.

### **Revocation or Revoked**

The right to practice is ended.

### **Stayed**

The revocation or suspension is postponed.

### **Suspension**

The licensee is prohibited from practicing for a specified period of time.

### **Surrender of License**

The licensee turns in the license while charges are still pending. The right to practice is ended. Surrender also may require certain conditions to be met should the practitioner ever choose to reapply for licensure.



## Other Board Actions 8/26/99 Through 9/1/99

Name	Cause for Board Action	Code Violation(s) Charged
<p><b>LEE, IN SHEOP</b> Palos Verdes Estates, CA (CPA 56849)</p> <p>Revocation stayed with three years' probation and 60 days suspension, via stipulated settlement. <b>Effective August 28, 1999</b></p> <p>Respondent shall pass a Board-approved ethics course with a minimum score of 90 percent within 180 days, reimburse the Board for costs of investigation and prosecution, and perform 100 hours of community service.</p> <p>Other standard terms and conditions of probation.</p>	<p>Without admitting or denying the allegations, Respondent will not contest the <i>prima facie</i> evidence. Allegations contained in the accusation assert that Respondent knowingly prepared and submitted a false and altered state corporate income tax return to a State Board of Equalization auditor who was auditing a state sales tax return for fiscal year ended June 30, 1993, for a client of the Respondent.</p> <p>The corporate income tax return presented to the auditor reported gross sales conforming with the gross sales reported on client's sales tax returns and was offered to the auditor as substantiation of same. Through contact with the Franchise Tax Board, the auditor discovered the gross sales actually reported on the corporate income tax return filed with the Franchise Tax Board were more than \$200,000 greater than gross sales as represented on the sales tax return and on the version of the corporate tax return presented to the auditor.</p>	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (i).</p>
<p><b>PASSERO, ROBERT M.</b> Los Alamitos, CA (CPA 16608)</p> <p>Revocation stayed with three years' probation and thirty days suspension, via stipulated settlement. <b>Effective August 26, 1999</b></p> <p>Respondent shall reimburse the Board for its costs of investigation and prosecution and complete an ethics course/examination within one year of effective date of the order.</p> <p>Other standard terms and conditions of probation.</p>	<p>Respondent admits that he subjected his license to disciplinary action on the grounds of unprofessional conduct. On or about March 24, 1999, he was convicted by the U.S. District Court of one misdemeanor count of filing false documents with the Internal Revenue Service (IRS).</p> <p>The facts and circumstances are that the Respondent submitted two letters for a client to the IRS, both of which he knew to contain false and fraudulent information as to a material matter.</p>	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (a) and (i).</p>
<p><b>STINCHFELD, DALE</b> Laguna Niguel, CA (CPA 11245)</p> <p>Revocation stayed with one year's probation, via stipulated settlement. <b>Effective September 1, 1999</b></p> <p>Respondent shall reimburse the Board for its investigation and prosecution costs.</p> <p>Other standard terms and conditions of probation.</p>	<p>For purposes of settlement, Respondent admits he failed to comply with Citation CT-98-52, which became a final order of the Board on July 29, 1998, and he agrees that he has thereby subjected his license to discipline.</p>	<p>Business and Professions Code, Division 3, Chapter 1, Article 6, § 5100 (f), California Code of Regulations, Title 16, Division 1, Article 12.5, § 95.4.</p>





## Board of Accountancy Directory

Board Office.....	(916) 263-3680
Board Office Facsimile .....	(916) 263-3675
License Status Check.....	(916) 263-3680

Renewal for CPA/PA, Partnerships, Corporations,  
Continuing Education, Retired Status:

Last name begins with: A-G ..... (916) 263-3938  
H-Q ..... (916) 263-3795  
R-Z ..... (916) 263-3974  
*renewalinfo@cba.ca.gov*

Government Audit ..... (916) 263-3937

Licensing – Partnerships, Corporations, Fictitious Names ..... (916) 263-3948

Licensing – Reissuance—Individual:

Last name begins with: A-He (916) 263-3946  
 Hf-N ..... (916) 263-3945  
 O-Z ..... (916) 263-3947

Certifications ..... (916) 263-3949

General Examination Questions ..... (916) 263-3953 or 263-3958  
*examinfo@cba.ca.gov*

Web Site Address ..... [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)

Web Page Master ..... *pagemaster@cba.ca.gov*

*If you have questions concerning the Ethics Exam, please call the California Society of CPAs:*

*Main Office, Redwood City* (650) 802-2600  
*Glendale Office* (800) 922-5272  
*Sacramento Office* (916) 441-5351

Department of Consumer Affairs  
**California Board of Accountancy**  
**UPDATE Issue #43**  
 2000 Evergreen Street, Suite 250  
 Sacramento, California 95815-3832  
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